

VIRGINIA ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS

Overview

The State of Virginia provides a number of incentives for alternative fuel vehicles (AFVs), including no-charge licensing for AFVs, and exemption from High Occupancy Vehicle (HOV) lane use restrictions for AFVs. Virginia has several tax incentives including a tax credit to 10% of the Federal clean fuel tax deduction, a 1.5% sales tax reduction for AFVs, and an AFV fuel tax reduction. In addition, the Virginia Alternative Fuels Revolving Fund provides loans to local governments and state agencies for the conversion of publicly owned motor vehicles to alternative fuels. Several Virginia utility companies support AFV programs and offer incentives on a case-by-case basis.

Highlights

\$ \$200 - \$5,000 state tax credit, based on 10% of the Federal tax credit allowed for clean fuel vehicles and certain refueling property

State Incentives

\$ Any individual, corporation, gas utility, or public service corporation may take a state tax credit based on 10% of the Federal tax credit allowed for clean fuel vehicles and certain refueling property. The tax credit is for purchases of clean fuel vehicles principally garaged in Virginia and certain refueling property placed in service in Virginia.

Weight and Class of Vehicle	Federal credit/deduction	Virginia tax credit
Truck or van (GVW of 10,000 - 26,000 lbs.)	\$5,000	\$500
Truck or van (GVW more than 26,000 lbs.)	\$50,000	\$5,000
Buses (with seating capacity of 20+ adults)	\$50,000	\$5,000
All other vehicles	\$2,000	\$200
Electric vehicles	up to \$4,000	up to \$400

The Virginia Alternative Fuels Revolving Fund provides loans to local governments and state agencies for the conversion of publicly owned motor vehicles from gasoline and diesel fuels to alternative fuels.

Effective January 1, 1996, the sales and use tax will be reduced by 1.5% for motor vehicles that have been manufactured, converted, or retrofitted to use compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas (LPG), hydrogen, or electricity.

Motor vehicle license plates are issued free of charge for AFVs, including dual- and bi-fuel vehicles. Owners of clean fuel vehicles may receive special license plates indicating that the vehicles use clean fuels.

Until July 1, 1997, vehicles bearing clean special fuel vehicle license plates are exempt from HOV lane restrictions on certain Virginia highways.

A 1991 law permits loans from the Literary Fund for constructing and equipping school bus fueling facilities supplying CNG or other alternative fuels.

For additional information about Virginia AFV programs, contact Susan Thomas, Virginia Department of Mines, Minerals and Energy, at (804) 692-3226.

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Utility/Private Incentives

Commonwealth Gas Services, Inc. is currently opening one new natural gas vehicle (NGV) fueling station per week as part of a 1994 Five-Year Infrastructure Plan, which, by the end of 1995, will result in approximately 75 operational NGV fueling stations in its 5-state service territory. Areas serviced include Richmond, Fredericksburg, and Lynchburg. Customers are provided pre-installation/conversion fleet and fueling analysis, extensive engineering assistance, a comprehensive training program, as well as temporary fueling facilities. For additional information, contact the NGV Hotline at (800) 866-4GAS, extension 54, or Brett Campeol at (804) 323-5360.

The National Ethanol Vehicle Coalition (NEVC) is part of a joint public/private partnership to promote 85% ethanol (E85) as an alternative transportation fuel. Through a pilot grant from the U.S. Department of Energy, NEVC provides forgivable loans for the installation of public E85 refueling facilities. For additional information, contact Phil Lambert at (314) 635-8445.

Virginia Power will provide technical support and managerial staff to support a customer beginning an electric vehicle (EV) fleet. Virginia Power offers support for charging infrastructure, and rate options for electricity used to charge EVs. Contact Charles Kramer at (703) 359-3033 for more information.

Washington Gas provides a number of incentives to encourage the use of NGVs, including joint efforts with Federal, state and local governments as well as commercial fleets to build CNG fueling stations. In addition, the utility offers a customer service program which provides technical expertise and driver and technician training. For additional information, contact Steve Clausman at (703) 750-5957.

Laws & Regulations

A 1993 law defines clean special fuels as energy sources used to propel a motor vehicle that, when compared to gasoline or reformulated gasoline, result in lower emissions of nitrogen oxides, volatile organic compounds, carbon monoxide or particulate, or any combination thereof. These fuels include CNG, LNG, LPG, hydrogen, hythane (a combination of CNG and hydrogen), and electricity.

A 1993 law reduced the special fuel tax rate from 16¢/gallon to 10¢/gallon on clean special fuels sold to propel motor vehicles. The reduced rate will be in effect until July 1, 1998, and applies to all clean special fuels.

An annual tax is imposed in lieu of the special fuels tax on vehicles that fuel at home and do not pay the special fuels tax.

Local governments, for personal property tax purposes, may provide a different classification for motor vehicles that use clean special fuels.

The State Corporation Commission (SCC) may refrain from regulating the retail sale of CNG service by companies other than public service corporations. Wholesale CNG will continue to be regulated by the SCC. Non-utility businesses may operate CNG filling stations without being regulated by the SCC.

House Bill 556 (1992) exempts products used as motor vehicle fuels from local utility taxes.

A law requires a Clean Fuel Fleet Program, pursuant to the Clean Air Act Amendments, for Northern Virginia, Greater Richmond, and Hampton Roads. Beginning in model year 1998, a certain percentage, based on gross vehicle weight, of purchases of new fleet vehicles by the owner of centrally fueled fleet vehicles registered, based, or having a majority of their travel in the affiliated localities, would be required to be clean fuel vehicles.

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Points of Contact

Washington, D.C. Clean Cities Coordinator

George Nichols (202) 962-3355
Metropolitan Council of Governments

Virginia State Energy Office

Virginia Department of Mines, Minerals and Energy
Susan Thomas (804) 692-3226

Commonwealth Gas Services, Inc.

NGV Hotline (800) 866-4GAS
extension 54
Brett Campeol (804) 323-5360

National Ethanol Vehicle Coalition

Phil Lambert (314) 635-8445

Virginia Power

Charles Kramer (703) 359-3033

Washington Gas

Steve Clausman (703) 750-5957

Metropolitan Planning Organizations

Richmond Regional Planning District Commission

Daniel Lysy (804) 358-3684

Hampton Roads Planning District Commission

John Carlock (804) 420-8300

Virginia State Transportation Contact

Department of Transportation
Bruce Clarke (804) 786-2814

U.S. Department of Energy

Regional Support Office

Philadelphia Regional Support Office
James Ferguson (215) 656-6977

U.S. Department of Transportation Contacts

Federal Highway Administration

Region 3
Mario Jorquera (410) 962-3744

Federal Transit Administration

Region 3
John Garrity, Jr. (215) 656-6900

General Services Administration

Regional Fleet Managers

Region 3
Wayne Weaver (215) 656-3803

Region 11
(National Capitol Region)
John Smith (202) 755-0292

U.S. Environmental Protection Agency

Regional Pollution Prevention Coordinators

Region 3
Cathy Libertz (215) 597-0765
Jeff Burke (215) 597-8327